

SUMMARY OF THE DECLARATION OF FIRST-TIME HOMEBUYERS COVENANTS

PLEASE NOTE: These covenants apply to properties that are **not** Affordable Dwelling Units (ADUs), which have a different set of controls. Though similar to the covenants used with Affordable Dwelling Unit (ADU) properties, Founders Ridge, or Windsor Mews, this covenant DOES NOT apply to those properties.

Other properties that have been purchased by the Fairfax County Redevelopment and Housing Authority (FCRHA) and that are to be sold through the First-Time Homebuyers Program (FTHB) will have legal controls on them established by a covenant entitled *Declaration of First-Time Homebuyers Covenants*. These Covenants contain, among other things, the following provisions:

- The home ("Property") must be occupied by the purchaser(s) as their primary residence. The FCRHA shall have the right to charge a non-compliance fee of \$50.00 for every day that the owner is not in compliance or it can seek injunctive relief by the court of competent jurisdiction to enforce the owner's obligation.
- The Property may be resold anytime during the fifteen (15) year initial control period. The amount of the controlled selling price cannot exceed the original purchase price, plus annual increases in the Consumer Price Index (CPI). The controlled selling price can be adjusted for certain types of improvements.
- Each time the Property is sold it must be offered exclusively for sixty (60) days to an eligible First-Time Homebuyers Program applicant having a household income that does not exceed seventy percent (70%) of the area median income. The FCRHA may elect to purchase after the initial 30 days if the property is not under contract.
- With the first sale after the initial control period, the FCRHA shall be offered the exclusive right to purchase the Property for sixty (60) days. If the FCRHA does not elect to purchase, the Property may be sold to any purchaser without regard to income eligibility or sales price.
- With the first sale of the Property after the 15 year initial control period, one half of the difference between the net sales price paid by the buyer of the Property and the then current adjusted selling price shall be paid to the FCRHA.
- All lenders or other parties, including an 'Eligible Lender' as defined below, who seek to place a lien on the Property during the control periods shall be subordinate to the FTHB covenants and other restrictions placed on the use of the Property under the First-Time Homebuyers Program. An 'Eligible Lender' is an institutional lender holding a first lien purchase money deed of trust on the Property or a refinancing of such a loan that does not exceed the outstanding balance of existing first trust financing.
- An Eligible Lender shall be required prior to foreclosing on the Property to provide the FCRHA with at least sixty (60) days prior notice with the right to cure the default and the right to acquire the Property.

- During the control periods, the FTHB covenants and the terms of the First-Time Homebuyers Program shall be senior to instruments recorded on the Property and shall be binding to all transferees, except that, if the Property is sold by a trustee on the behalf of an Eligible Lender to a bonafide purchaser for the value at the foreclosure sale and all of the requirements of the First-Time Homebuyers Program have been met. In that case, the restrictions contained in the FTHB Covenants and in the First-Time Homebuyers Program shall terminate.
- The FCRHA has a 'Right to Acquire' which entitles the FCRHA at a foreclosure sale to acquire the Property upon payment of the full indebtedness on the Property owed to the Eligible Lender. In the event that the FCRHA does not exercise its Right to Acquire and the property is sold for more than the outstanding balance, all amounts in excess of the Outstanding First Trust Debt, as defined in the FTHB Covenants, shall be paid to the FCRHA.

If you have questions or would like to receive a copy of the FTHB Covenant, please call the Homeownership office at 703/246-5087.